

UCAPAN PERDANA MENTERI DI MAJLIS MAKAN  
MALAM TAHUNAN BERSAMA PERSATUAN BANK-  
BANK DAN INSTITUSI-INSTITUSI KEWANGAN MALAY-  
SIA, DI HOTEL HILTON, KUALA LUMPUR PADA 25HB  
OGOS, 1980

Saya mengucapkan berbanyak terima kasih kepada Senator Kamarul Ariffin<sup>1</sup>, Persatuan Bank-Bank dalam Malaysia, Persatuan Syarikat-Syarikat Kewangan Malaysia, Persatuan Bank-Bank Saudagar di Malaysia, Syarikat-Syarikat Diskaun, Persatuan Broker-Broker Pertukaran Wang Asing dan Simpanan Matawang Kuala Lumpur, kerana sudi menjemput saya dan isteri saya ke Majlis Makan Malam ini.

Majlis ini ialah anjuran bersama Persatuan-persatuan dan Syarikat-syarikat yang ahli-ahlinya adalah daripada golongan tycoon-tycoon dan jutawan-jutawan. Oleh yang demikian, saya berasa amat terpencil dan seterusnya seram berada di kalangan mereka ini. Tetapi oleh kerana saya di jemput makan oleh mereka ini, maka saya tidak boleh menolak rezeki. Rezeki memang tidak baik ditolak walaupun datangnya dari tycoon-tycoon dan jutawan-jutawan.

It gives me no greater pleasure than to get a free dinner from tight-fisted financiers. Even though I do not have to pay for my dinner. I still have to earn it by making a speech and my speech is expected to be pleasing to their ears. I don't think that many Prime Ministers can always do that except possibly if he is the Prime Minister of Utopia.

Seriously though I wish to thank my hosts for inviting my wife and I to this dinner and giving me the honour to address them. This is a distinguished gathering of the nation's financial and business leaders. This is the second time that I have had the honour to be present.

Last year I spoke to you about the role of the financial community in promoting private investment especially foreign investment and on the need to maintain a stable monetary environment which is no essential to keep down inflation. I also urged you to

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<sup>1</sup> Pengerusi Bank Bumiputera.

expand and improve the quality of your services. Encik Kamarul Ariffin just now has said that significant progress has been made in some areas. I am very glad to hear it. Your efforts and initiatives will always be appreciated by the Government and the people. It is also very encouraging to know that there has been close co-operation between the financial institution and the Government Agencies such as the Treasury, Bank Negara and the Malaysian Industrial Development Authority. I always believe in cooperation and working as a team. Only this approach will ensure the rapid economic growth and development of the country.

Over the past year, the flow of private investment has accelerated despite the onset of global recession. Inflation, however, is becoming a big problem. Our people appear to be in the grip of "inflation phobia". They spend more than they should however unreasonable the price is, fearing that the price would go much higher the next day or the next month. Some suffer from "inflation mania". They take advantage of the inflation to raise prices indiscriminately just because others are doing it. This of course will fan inflation further.

Nevertheless, so far, we have managed to keep the inflation rate at a reasonable level through monetary, fiscal and other measure. But our economy is an open one which means that to a lesser or greater degree we will be hit by imported inflation. I understand that economist agree that mild rise in prices is good for business and the economy. It provides the stimulus and incentive for the expansion of business and manufacture. On the other hand, a runaway inflation will have serious effects on savings, investment and distribution of income.

We know that inflation is a very complicated matter. Economists have thought of a number of possible solutions. Among them are:

- (a) Curtailing money supply by increasing taxes,
- (b) encouraging savings and
- (c) increasing the supply of goods.

We will have to study the most suitable solution very seriously.

The prices of houses have increased very unrealistically. The supply has not kept up with the demand. The construction industry need to be expanded. If necessary, the Government itself will have

to participate in a bigger way. We are aware of the problems and constraints facing the industry delays in land acquisition and conversion, and slow processing of plans.

The number of houses which will be needed in the coming years will be very big. We will then be faced with the problem of material shortage. The capacity of manufacturers of building materials will therefore have to be expanded. Banks and other financial institutions should assist the manufacturers and developers.

We need also to increase the capacity of the manufacturing sector to meet the demand for consumer goods by the public. As income rises, the demand for consumer goods will also rise. Our domestic market is expanding and this will be a challenge to the private sector. At the same time, this will be another opportunity for the banks and other financial institutions.

The development of our industries must eventually include heavy industries. Under the Fourth Malaysia Plan, a Heavy Industries Corporation will be set up to plan and undertake heavy industrial projects. This is another area in which we hope the economy of our country will expand. This requires supportive industries as well.

Another problem which we are facing today is the impact of recession in some of the industrialised countries on our export. In order to maintain a high rate of economic growth, we have to stimulate domestic economic activities to offset whatever adverse effects of the recession. One such area is the construction industry which I have mentioned. Another is infra-structure development. We will hasten the pace of our road and highway construction. At the same time we will give serious consideration to the problem of transportation, in particular the question of mass transport.

Consistent with our policy of eradicating poverty and reducing rural-urban disparity, the Government will continue to give emphasis to the expansion of the agricultural sector. With better incomes, our people will be consuming more and better food. We should take advantage of this and intensify our efforts to develop the agricultural industry. Resources will have to be directed to the

setting up of feedmills, fruit orchards and various forms of agro-based industries to cater for our needs. Financial institutions should assist in stimulating and injecting the necessary funds for these agricultural and rural activities.

Some of the measures I have mentioned will take time to implement. However, a start must be made. The earlier the better. The benefits are considerable and will leave a permanent impact on our economy. While these measures are being put into effect, we have to encourage the people to save, and dissuade them from spending on non-essential things. The people must be provided with more opportunities to save. Only with savings, can we increase our investments. I would therefore urge the financial institutions to be more innovative in their campaign to encourage the public to save.

We are today engaged in the process of modernizing and restructuring our society. This is to ensure that the economic growth which we promote will improve progressively the livelihood of all socio-economic groups in the country. In this process the banking and financial institutions have a vital role as agents of change. The growth of a widespread network of banking and financial institutions is necessary in achieving our objective.

There are now 38 commercial banks, operating 530 offices throughout the country. Most of these offices are now located in areas which previously were not served by any financial institutions. Therefore today we have the basic banking infra-structure upon which we can build to extend banking services to the rural sector of the country. It is important for the banking community to provide the leadership in inculcating the habit of saving and investment, and of financial discipline among the rural people. To be effective as agents of change, the banking institutions must themselves change their attitude. They must remove the mystique of banking humanize their relationships with the people through understanding of the rural way of life, the customs, and practices of the local production system. Without this new attitude and perspective a rapid change in the rural economy will probably not materialize.

In a banking environment while there are some fixed rules, there is also a large element of discretion. Banking institutions, which are committed to bring their services to the rural people

must be more imaginative, innovative and willing to take risk so as to reach the vast majority of the petty traders, the shopkeepers, and the farmers. As Bankers and indeed as Malaysians you have a role to change attitude, and change you must, to discharge your responsibilities effectively. Only with savings, can we increase our investments. I would therefore urge the financial institutions to be more innovative in their campaign to encourage the public to save.

In conclusion, I wish once again to thank you all for inviting me to this dinner tonight.